

House Passes Kosmas Amendment to Support Photonics-Related Small Businesses

Legislation Will Spur Investments in Central Florida's Growing Photonics Industry and Help All Small Businesses Access Capital

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Washington, DC) —Today, Congresswoman Suzanne Kosmas (FL-24) successfully passed an amendment to support small businesses in Central Florida's growing photonics industry. The amendment was included in the Small Business Financing and Investment Act (HR 3854), which will create new jobs and stimulate the economy by providing small businesses with access to the loans and investment dollars they need to expand and grow their operations. The legislation increases Small Business Administration loan sizes, creates incentives to encourage local banks to lend to small businesses, and reduces bureaucratic red tape to make it easier for entrepreneurs to secure credit.

The Small Business Financing and Investment Act also creates a new public/private partnership grant program to channel investment capital to emerging companies. The Kosmas Amendment, which was adopted by voice vote, added the photonics technology industry to the list of targeted industries qualified to receive grants under this new early-stage investment program. In Florida alone, there are over 270 photonics companies that support over 27,000 jobs and bring billions of dollars to the state each year.

"The photonics industry is a key sector of Central Florida's economy and this amendment will help provide photonics-related small businesses with the capital they need to grow and create jobs," said Kosmas. "Small businesses have accounted for 70% of the jobs created over the last decade and it is critical that we support them during these difficult economic times. This legislation, along with my amendment, will give Central Florida's small businesses a boost by re-opening credit markets and spurring investment so they can continue creating jobs and investing in our communities."

Photonics technology, which includes fiber optic communications and laser technology, is a supporting technology for numerous industries, including energy, telecommunications, healthcare, robotics, astronomy, aerospace, and defense. The fast growing, global photonics market is today estimated to be worth over half a trillion dollars.

Florida has a nationally recognized photonics economic cluster, which is supported by The Center for Research and Education in Optics and Lasers (CREOL) at the University of Central Florida, one of the most prominent research institutions in the world in the field of photonics. The Kosmas Amendment will help ensure that America remains competitive in this industry and that, as the market expands, Central Florida's small businesses and workers are able to benefit.

For more information on Florida's photonics industry, including a list of businesses, see the 2009 Report on Florida's Photonics Cluster here: <http://www.floridaphotonicscluster.com/files/PhotonicsClusterStudy2009.pdf>

Additional information on the Small Business Financing and Investment Act can be found below:

Delivering Startup Capital to New Ventures

- Businesses are having difficulty raising equity capital. Beginning in the last quarter of 2008, investments in early-stage businesses plunged 26.4%.
- To address this shortage, the bill establishes a new Early-Stage Investment Program at SBA, which will pair grant money from the SBA with private venture capital in order to target investment dollars to promising small business startups.
- The legislation modernizes the SBA's New Markets Venture Capital (NMVC) program, which steers investment dollars to businesses in low-income areas. H.R. 3854 will expand the geographic reach of the New Markets program so more businesses around the nation can utilize it.
- The bill targets NMVC resources to smaller manufacturers in low income areas.
- The legislation makes improvements to the "Renewable Energy Capital Investment" in order to increase investment in small enterprises that are researching alternative and renewable energy solutions.

Updating Existing SBA Lending Programs to Better Meet Businesses' Needs

- The Small Business Financing and Investment Act reduces paperwork required for SBA loans, making it easier for both small business borrowers and lenders to participate.
- The bill helps the SBA act as a matchmaker between lenders and businesses and, in times of tight credit, allows the SBA to step in and fill in the gaps when private lenders stop lending.
- H.R. 3854 also increases loan sizes, giving businesses access to larger amounts of capital. Conventional loan sizes increase by 30% to \$3 million; other loan programs will provide as much as \$25 million for small manufacturers.
- The legislation establishes a new training program to encourage lender participation, creating more choices for businesses seeking to acquire SBA-guaranteed loans.
- By providing additional technical assistance and training for individuals taking out microloans, H.R. 3854 will ensure more of these new small businesses succeed. The microloan program is an important source of capital for many dislocated workers looking to launch their own business.
- Because businesses' recovery is often vital for communities that are trying to come back from natural disasters, the legislation strengthens the SBA's disaster loan program, providing a one-year deferment on SBA disaster loans. The legislation increases outreach so that, after disasters, small businesses can better take advantage of SBA's existing disaster loan programs.
- H.R. 3854 also creates a new grant program so small firms can receive grants of \$100,000 in order to help them recover from disasters.
- A new program at the SBA will help smaller and solo health practitioners adopt Health Information Technology, improving patient care, reducing health care costs and helping speed the adoption of electronic health records among small practitioners.

Building on the Success of the Recovery Act

- The American Recovery and Reinvestment Act, which Congress passed and President Obama signed into law in February, temporarily raised the amount that the government can guarantee on SBA-backed loans to 90%. It also eliminated fees that borrowers normally pay on SBA loans.
- These changes have already helped many small businesses. A little more than seven months since the Recovery Act's enactment, the SBA's average weekly loan volume has jumped more than 70% when compared with the two months preceding the law's passage. In all, the SBA has supported over \$9 billion in lending since the Recovery Act's passage.
- H.R. 3854 builds on these successes. By maintaining the higher guarantee, the bill will encourage more financial institutions to loan to small firms. The bill reauthorizes the fee waiver to make loans more affordable for small businesses.
- Under the bill, the application requirements for loans through the America's Recovery Capital (ARC) program are reduced, so that businesses can secure these emergency, interest-free loans faster.
- H.R. 3854 also raises ARC loan sizes from \$35,000 to \$50,000, meaning firms can get a larger injection of short-term capital to weather the current downturn.

Promoting Entrepreneurship for Veterans

- As many of our men and women in uniform return from the conflicts in Iraq and Afghanistan, the bill provides tools to help veterans interested in starting their own businesses.
- For veterans, the legislation offers higher guarantees and lower cost loans, so they can access more affordable capital.

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